

Conservation Stewardship Program:

Recognizing Excellent Stewards – Delivering Valuable New Conservation

**Final Rule Changes
June 2010**

The 2008 Farm Bill established a new Conservation Stewardship Program (CSP) with a new program purpose: to encourage producers to address resource concerns in a comprehensive manner by undertaking additional conservation activities, and by improving, maintaining, and managing existing conservation activities. On July 29, 2009, the Natural Resources Conservation Service (NRCS) published an interim final CSP rule with a 60 day public comment period which was subsequently extended to 90 days. NRCS implemented the initial CSP ranking period under the interim final rule. The final CSP rule was written with consideration to the 1,534 public comments received, and was published in the Federal Register June 3, 2010. The final rule was effective on release, will be used for future ranking periods, and is not retroactive to the initial CSP ranking period. Key changes incorporated into the final rule are summarized below.

Split Payment Structure: NRCS is implementing a split payment structure, with one payment rate for existing conservation activities and a higher payment rate for new activities. This is expected to encourage producers to apply more new activities and thereby generate more environmental benefits. This change also enables NRCS to better manage the distribution of payments between new and existing activities; the goal being to encourage participants to improve and add conservation activities.

Ensuring Additional Conservation: To place additional emphasis on implementing additional conservation, the Final Rule requires that participants must schedule, install, and adopt at least one additional conservation activity on a land use in order for that land use to earn annual payments.

Payment Limitations: NRCS raised the contract limitations for formal joint operations from \$200,000 to \$400,000 for the contract period and from \$40,000 to \$80,000 per year. Each person or legal entity will still be limited to \$40,000 per year. This change follows the logic used for EQIP that enables spouses, farming as joint operations, to each earn the \$40,000 annual limitation.

Minimum Payment: NRCS will make a minimum payment of \$1,000 to participants who are socially disadvantaged producers, beginning producers, or limited resource producers in any fiscal year that a contract's payment amount total is less than \$1,000.

Pastured Cropland: NRCS established a "pastured cropland" program designation for land maintained in a grass-based livestock production system that is suitable for cropping. Pastured cropland will be provided higher program compensation than pastureland due to the higher forgone income costs associated with keeping that land in grass.

Operator of Record: The Interim Final Rule required that only the operator of record with the Farm Service Agency could be an eligible applicant. NRCS adjusted the rule to provide NRCS State Conservationists authority to issue exceptions for unique situations where producers can demonstrate to the satisfaction of NRCS that they will operate and have effective control of the land.

Control of the Operation: NRCS struck the requirement to provide "documented" control from the Interim Final Rule applicant eligibility criteria and will allow the flexibility for producers to self-certify control on the application and contract documents. Applicants who self-certify control will be subject to an annual review and verification process to confirm they have control for the required contract period.

Definition of Effective Control: To align with the statute language and clarify the required time period that control of land is needed, “effective control” is defined in the Final Rule to mean possession of the land by ownership, written lease, or other legal agreement and authority to act as decision maker for the day-to-day management of the operation both at the time the applicant enters into a stewardship contract and for the required period of the contract.

Resource-Conserving Crops: In response to extensive public comment, the definition of resource-conserving crop is revised to require the use of grass and/or legumes. Since resource-conserving crops receive supplemental payments under CSP, the rule change ensures that the crops provide a sufficient level of environmental benefit.

Enhancement Upgrades: Some conservation enhancements work better when implemented as a system and under the new rule are offered as enhancement “bundles.” Participants who implement these enhancement bundles and address resource concerns in a more comprehensive manner get higher rankings and higher payments. NRCS also evaluated the enhancements available to participants in the initial ranking period and added enhancements requested by the public during the final rule comment period.

Newly Acquired Land: NRCS revised the Final Rule to provide existing contract holders the opportunity to enroll newly acquired land into CSP. Contract participants may submit applications to enter into additional contracts for newly acquired eligible land, which would then compete with other applications in a subsequent ranking period.